

FISCAL NOTE

SB 676 - HB 1020

March 27, 2001

SUMMARY OF BILL: Amends the Prompt Pay Act to reduce from 45 days to 15 days the amount of time by which state government must pay contractors without incurring interest penalties.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - Exceeds \$100,000 Recurring
Exceeds \$1,000,000 One-Time**

Estimate assumes:

- a recurring increase in state expenditures for additional staff in departments that process payments. Numerous departments would be affected. The amount of increase cannot be determined but can reasonably be estimated to exceed \$100,000.
- a significant one-time increase in state expenditures for automated system modifications. According to the Department of Finance and Administration, this bill would create a need for significant computer system enhancements throughout state government in order to meet a 15-day deadline. Currently, contractors submit paper invoices to offices all over the state that must be reviewed locally, routed by mail to the central state department and routed again to the Department of Finance Division of Accounts for payment. The current system could not accommodate a 15-day deadline. Instituting the technology to meet a shorter deadline would lead to significant capital costs that cannot be determined but is estimated to exceed \$1,000,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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